

Item 1

SUMMARY OF
MAJOR PROVISIONS OF H. R. 7125
EXCISE TAX TECHNICAL CHANGES ACT OF 1957

PREPARED FOR
THE COMMITTEE ON FINANCE
OF THE
UNITED STATES SENATE
BY THE
STAFF OF THE JOINT COMMITTEE ON
INTERNAL REVENUE TAXATION



JULY 24, 1958

UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1958

SUMMARY OF MAJOR PROVISIONS OF H. R. 7125, EXCISE TAX TECHNICAL CHANGES ACT OF 1957

This bill contains a large number of changes in the various excise taxes. It is divided into two titles.

Title I deals with the retailers' and manufacturers' taxes, the taxes on facilities and services (such as admissions and club dues and the taxes on transportation and communication), the documentary stamp taxes, the occupational taxes and the taxes on wagering. It also contains a number of sections dealing with excise-tax procedures and administration.

Title II deals with the taxes on distilled spirits, beer and wine, and with the taxes on tobacco products. Also, the taxes on firearms are dealt with in title II.

TITLE I, SECTION 101-166—MISCELLANEOUS EXCISE TAXES

Section 101. Precious and semiprecious stones—jewelry tax

Section 101 incorporates in the tax law a listing of 34 specific types of precious or semiprecious stones which are to be taxable whether real or synthetic. Present law taxes pearls, precious and semiprecious stones and imitations thereof without any specific listing.

Section 102. Clocks and watches—jewelry tax

(a) Section 102 provides that the jewelry tax (which also applies to clocks and watches) is not to apply to a clock where it is sold as a part or accessory (for example, an automobile clock) in connection with an article subject to manufacturers' excise tax (for example, an automobile).

(b) This section also provides that the jewelry tax is not to apply in the case of a clock or watch which is a part of a control or regulatory device (such as a thermostat).

Section 103. Luggage tax

Present law taxes 18 specific types of luggage and also "other cases, bags and kits * * * for use in carrying toilet articles or articles of wearing apparel." The bill substitutes a list of 38 specific articles and removes the catchall or "basket clause" of present law. The bill includes in this listing all briefcases and ring binders capable of closure on all sides. Present law taxes briefcases and ring binders only when made of leather or imitation leather.

Section 104. Sale of installment accounts by retailers

The bill provides that in the case of retailers, any tax due on the unpaid installment obligations becomes due at the time they sell these accounts (except that in bankruptcy or receivership proceedings tax attaches only to the amount actually received on the sale of the accounts). Where such an account is subsequently returned to the

retailer he becomes eligible for a credit or refund for the tax he previously paid on the accounts returned, subject to later adjustments in the event of subsequent recoveries.

Section 105. Exemption from retailers taxes for nonprofit educational institutions

The bill provides an exemption from retailers excise taxes for certain nonprofit educational organizations such as schools and colleges, provided their purchases are for their exclusive use.

Section 111. Parts and accessories for farm equipment

The bill would permit manufacturers of taxable automotive parts and accessories (other than spark plugs and storage batteries) to use or sell these parts or accessories free of tax under a certification procedure for ultimate use as repair or replacement parts or accessories for nontaxable farm equipment.

Section 112. Refrigerator components

This section removes the manufacturers tax on refrigerator components (cabinets, compressors, condensers, condensing units, evaporators, expansion units, absorbers and controls) when sold separately from the refrigerators. This is expected to result in an annual revenue loss of about \$1 million.

Section 113. Electric, gas and oil appliances

(a) Present law taxes electric, direct-motor-driven fans, and air circulators which are not of the industrial type. The bill would tax these fans and air circulators only if they are of the household type.

(b) The bill also removes electric floor polishers and waxers from this tax.

(c) It adds to the list of articles subject to this tax: electric, gas and oil incinerator units and gas and oil garbage disposal units of the household type.

The changes made in this tax are expected to decrease revenues by about \$250,000 a year.

Section 114. Radio and television components, record players, tape and wire recorders, etc.

(a) The bill includes phonograph record players in the definition of taxable radio and television components. It also subjects to this tax tape and wire recorders, players, and recorder-players.

(b) Present law taxes the sale by the manufacturer of radios and television sets, phonographs, etc., only if they are of the "entertainment type." It also taxes certain radio and television components suitable for use with the radios and television sets. The bill taxes all radio and television sets and components except communication, detection, or navigation equipment of the type used in commercial, military, or marine installations.

(c) The bill also provides an exemption for tape and wire recorders players, and recorder players which fall in 1 of 4 specified categories, generally of a commercial, industrial, or scientific character.

It is estimated that the above changes will increase revenues by about \$5 million a year.

Section 115. Constructive sales price

(a) In general, this provision of the bill provides for the construction of a sales price on which to base a manufacturer's tax where a

manufacturer of taxable articles sells them directly to retailers, similar to the provision in present law where the manufacturer sells them directly to consumers. To be eligible for the constructive sales price provision the manufacturer must regularly sell some of the articles to retailers or to consumers, must make other sales of the articles to wholesalers in arm's-length transactions, and the normal method of making sales within the industry of the manufacturer must be to sell to wholesalers or manufacturers. Where these conditions are met the manufacturer can use as the price for determining the amount of tax payable on an article, the highest price at which he sells the articles to wholesale distributors (where this is lower than the actual selling price of the article).

(b) The bill also provides that in the case of sales to consumers, for which a constructive price is already provided by present law, the manufacturer can use as his constructive price the price at which the articles are sold in the ordinary course of trade or business to wholesalers rather than to retailers.

It is suggested that this provision may result in a revenue loss in the neighborhood of \$3 million a year.

Section 116. Sale of installment accounts by manufacturers

The bill provides the same tax treatment in the case of installment accounts sold by manufacturers as section 104 (described above) provides in the case of the sale of these accounts by retailers.

Section 117. Leases of articles subject to manufacturers taxes

As under present law the bill provides that lease payments for taxable articles are subject to tax. However, the bill limits the aggregate amount of tax due to the amount which would have been payable had the article been sold at its fair market value at the time of the first lease. This limitation is to apply only if the manufacturer concerned also sells, as well as leases, articles of the same type and model. This rule is generally the rule now applicable in the case of the lease of utility trailers. It is estimated that this provision will result in a revenue loss of approximately \$1 million in the first full year of operation but that this loss will increase somewhat in size in subsequent years.

Section 118. Use by manufacturer or importer considered sale

The bill makes it clear that use "as material in the manufacture or production of, or as a component part of, any other article" includes articles intended for incorporation in other articles which are broken or rendered useless in the process of further manufacture (for example, the breaking of a radio tube in the process of manufacturing a radio receiving set).

Section 119. Uniform system of exemptions, registrations, etc.

The bill consolidates and revises the rules for exempt sales to provide a more nearly uniform system of exemptions (comparable adjustments in the credit and refund provisions are provided in section 163). Some of the more important changes made in this area are:

(a) An exemption from manufacturers' excise taxes is provided for nonprofit educational organizations for purchases for their exclusive use.

(b) The number of intermediate purchases permitted in the case of sales for export, without the payment of tax, is limited to one.

(c) The bill provides that where a manufacturer makes tax-free sale for one of the specified tax-free purposes (except in the case of resale for further manufacture, for sale for export, or for resale for export) his liability for tax will be extinguished if at the same time he in good faith accepts a certification by the purchaser that the article will be used for the purpose for which the exemption is granted.

(d) Manufacturers of tires, inner tubes, auto radios or auto television sets are permitted to sell these articles tax free to another manufacturer where the second manufacturer is to use them for sale on or in connection with the sale of another article for a tax-free purpose, such as export.

(e) The bill provides a registration system to be used by buyers and sellers in making tax-free purchases and sales.

The exemptions for nonprofit educational institutions in the case of the retailers and manufacturers taxes and those on transportation and communication, taken together, are expected to result in a revenue loss of about \$3 million.

Section 131. Admissions

This section of the bill makes the following changes in the admissions tax:

(a) The tax generally is limited to admissions or performances within the United States but generally is payable whether or not the payment is made within the United States.

(b) Proprietors of cabarets are to be responsible for the collection of any tax due by their concessionaires and are to be required to make the subsequent remittal to the Government.

(c) An exemption from the cabaret tax is provided for so-called milk bars where: (1) no alcoholic beverages are permitted, (2) only light refreshments are served, (3) no charge is made for dancing, and (4) any music provided is supplied without charge or is obtained from a "juke box."

(d) An exemption is provided for admissions to all swimming pools, bathing beaches, skating rinks, or other places providing facilities for physical exercise (other than dancing). Such an exemption already is available if the facility is operated by a governmental unit.

Section 132. Club dues

This section makes the following changes in the club dues tax:

(a) Life members in a club are permitted to pay either an annual tax equal to the tax paid by members having comparable club privileges, or to pay one tax based upon the amount actually paid for the life membership (thus, where no payment is made for the life membership, under this second alternative, no tax is due).

(b) The bill exempts from the club dues tax, assessments paid for capital improvements in any social, athletic, or sporting facility.

(c) Swimming pool clubs are exempted from the club dues tax where: (1) children are permitted to use the facilities, (2) no alcoholic beverages are permitted, (3) except for light refreshments, no dining facilities or dancing facilities are provided, and (4) the club is not controlled by, or under common control with, any other organization.

The changes in the club dues tax are expected to result in a revenue loss of approximately \$7 million a year. This is primarily attributable to the exemption provided for assessments for capital improvements.

Section 133. Communications taxes

The bill revises the terminology and definitions of the taxable types of services. In general, this revision: (1) redesignates "local telephone service" as "general telephone service"; (2) redesignates "long-distance telephone service" to "toll telephone service"; (3) retains "telegraph service" without change; (4) redesignates "leased wire, teletypewriter or talking circuits special service" as "teletypewriter exchange service" and "wire mileage service"; and (5) retains "wire and equipment service." Only to a minor extent are services as a result of this revision shifted from one of these categories to another. In any case, this makes no difference in revenues since with the exception of wire and equipment service taxed at 8 percent, all of these services are subject to a 10-percent tax. Apart from this reclassification of services, the bill makes the following changes in the communications taxes:

(a) Installation charges are removed from the base of the wire-mileage tax (leased-wire tax under present law) and the wire and equipment service tax. Such charges are already excluded from the base in the case of general telephone service tax and presently are not a factor in the case of the toll telephone and telegraph service taxes.

(b) Terminal facilities are excluded from the base of the wire-mileage tax (leased-wire tax under present law).

(c) Interior communications systems are excluded from the base of the wire-mileage (leased-wire tax under present law) and the wire and equipment service tax. Such systems are those in which the service is rendered through the use of equipment solely on the premises of the subscriber.

(d) The exemption for common carriers, telephone and telegraph companies, and radiobroadcasting stations and networks is made inapplicable in the case of the tax on teletypewriter exchange service.

(e) The bill in general permits the communication agency collecting the various communication taxes to make tax computations on whatever basis the bill is rendered, whether by totals by groups of items, or on specific items associated for billing purposes.

The changes made by the bill in the communications taxes are expected to result in an annual revenue loss of about \$2.5 million.

Section 134. Air taxi transportation

The bill provides an exemption from the tax on the transportation of persons for "air taxis." Such exempt transportation is limited to aircraft having a gross takeoff weight of less than 12,500 pounds, having a passenger seating capacity of less than 10 adult passengers, including the pilot, and not operated on an established line. It is anticipated that this will result in a revenue loss of approximately \$2 million a year.

Section 135. Transportation of property by ferryboats

The bill exempts from tax transportation of property by a ferryboat where: (1) the boat makes provision only for vehicles and deck passengers; (2) the boat is operated on a schedule between two or more points over the most direct water route; and (3) offers a public service of a type similar to that normally furnished in the case of a shorter water route or tunnel. This is expected to result in an annual revenue loss of approximately \$200,000. As a result of the repeal of the tax on the transportation of property, this section no longer has significance.

Section 136. Exemption from the tax on transportation of oil by pipeline

Present law exempts from the tax on the transportation of oil by pipeline movements of oil within the premises of a refinery, bulk plant, terminal, or gasoline plant. The bill defines "premises" narrowly as meaning only the track of land on which (or over which in the case of oil operations over water) such a facility is located. However, the bill also exempts from tax the movements of oil by pipe between premises where there are different units of a refinery on both premises. Also, the bill exempts movements of oil between premises where on one premise there is a refinery, bulk plant, or terminal or gasoline plant and on the other there is a storage, loading, or unloading or other usual facility which is an integral part of the refinery, bulk plant, terminal, or gasoline plant. These tax-free movements between premises, however, are limited to premises not more than 25 miles apart. As a result of the repeal of the tax on the transportation of oil by pipeline this provision no longer has significance.

Section 137. Exemption from communications and transportation taxes for nonprofit educational organizations

The bill exempts from the taxes on the transportation of persons and property and from the taxes on communications, services or facilities furnished to a nonprofit educational school or college, or amounts paid for the transportation of property to, or from, such an organization. The exemption for transportation of property no longer has any effect.

Section 141. Documentary stamp taxes

The bill makes the following changes in the documentary stamp taxes:

(a) The stock issuance and transfer taxes are to be computed on the basis of the actual value of the stock. Under present law these taxes, for the most part, are computed on the basis of the par value of the stock. Under the bill the issuance tax is 10 cents on each \$100 of actual value of stock issued. The transfer tax is 4 cents on each \$100 of actual value of stock transferred but not in excess of 6 cents per share.

(b) The stock issuance tax is to be computed on the basis of the total certificates or shares issued by a corporation on a particular day rather than on the number issued to any one person, as under present law.

(c) The stock issuance tax in general applies to any increase in capital rather than to the proportion of the shares or certificates issued in a recapitalization which the amount newly dedicated to capital bears to the total par value of the stock issued. The bill also excludes "earned surplus" from the base of the issuance tax.

(d) An exemption from the stock issuance tax is provided for the issuance of shares or certificates in a fund maintained by a bank exclusively for the collective investment and reinvestment of assets of tax-exempt pension, profit-sharing and stock bonus trusts. An exemption from this tax is also provided for contracts to purchase stock on an installment basis where the stock is to be transferred to the purchaser.

(e) An exemption from the stock transfer tax is provided for "odd lot" sales of stock by odd lot dealers.

(f) An exemption is provided from the transfer taxes on stock and certificates of indebtedness for stock or bonds deposited as collateral security where they are returned to the owner when the security is no longer needed.

(g) The present exemptions from the stock transfer tax for the loan and the return of stock is extended to similar transfers of certificates of indebtedness. Also, the exemption for the transfer of worthless stock by executors and administrators to heirs, legatees or distributees is extended to similar transfers of certificates of indebtedness.

(h) An exemption from the transfer taxes is provided for the transfer of the stock or certificates of indebtedness from one revocable trust to another where the grantor of both trusts is the same person.

(i) The Treasury by regulation is authorized to waive the requirement for filing exemption certificates for the transfer and issuance taxes where it considers the exemption certificate is not necessary or appropriate. The application of the exemption certificate procedure also is extended to cover certain exemptions to which it does not presently apply.

(j) Payment of the transfer taxes without the use of stamps is provided for where a national securities exchange is acting as agent for its members for the purpose of paying any transfer tax due from the members.

(k) Where a State or local government is a party to the conveyance of real property, the stamp tax due is to be collected from the private party to the transaction rather than from the governmental unit.

(l) The application of the transfer taxes in the case of transfers of partnership interests is changed to conform in general with the treatment now accorded partnerships for income tax purposes.

Section 151. Wagering tax

The bill provides that where a person, required to register as having received wagers from another (a runner), fails to disclose the name and residence of his principal, he is to become liable for the 10 percent tax on wagers he receives.

Section 152. Tax on coin-operated amusement and gaming devices

The bill extends the taxes applicable to coin-operated, amusement or gaming devices to include similar machines which may be operated without the insertion of a coin, token, or similar object where the patron, nevertheless, pays for the privilege of operating the machine.

Section 153. Tax on bowling alleys, billiard and pool tables

The bill exempts from the \$20 per year tax on bowling alleys and billiard and pool tables those alleys and tables operated by, and located on the premises of, nonprofit organizations or operated by agencies or instrumentalities of the United States but in either case only if no charge is made for the use of the alley or table.

Section 161. Filing of returns for retailers excise taxes and taxes on transportation of property by suppliers or shippers

The bill authorizes the Treasury Department to enter into agreements with suppliers, or shippers, for the filing and paying of retailers excise taxes, or taxes on the transportation of property, on behalf of the person otherwise required to file the return and pay over the tax to the Government. In the case of the collection of retail taxes for

house-to-house salesmen, however, the bill provides that the Treasury Department may not require the house-to-house salesman to execute powers of attorney, require the manufacturer to make separate returns for each salesman or require the manufacturer to assume liability for tax on articles supplied by other persons.

Section 162. Period for filing claim for floor stock refund for import tax on sugar

The bill provides that claims for floor stock refunds with respect to the import tax on manufactured sugar, due to expire on June 30, 1961, must be filed on or before September 30, 1961. There is no limitation on the time for filing such claims under present law.

Section 163. Credits or refunds of certain taxes

This section is primarily concerned with providing a more uniform system of refunds and credits for excise taxes, and in this respect complements section 119 relating to tax-free sales. Some of the more important changes made in this section of the bill are:

(a) Under present law before a taxpayer is eligible for a refund or credit of excise tax it usually is necessary for him to show that he has not met one of the three following alternatives: He bore the burden of the tax, the tax has been repaid to the purchaser, or consent has been received from the purchaser to the allowance of the credit or refund. The first condition clearly applies in the case of the cabaret tax and the tax on the transportation of oil by pipeline; the bill also makes the second and third alternative conditions available in the case of these taxes. The changes with respect to transportation of oil by pipeline are no longer necessary.

(b) It is made clear that a refund or credit of manufacturers excise tax may be made to a dealer where the taxable article still remains in his stock and as yet has not been sold to an "ultimate purchaser."

(c) In the case of the exportation of tax-paid articles by any dealer, the bill provides that a credit or refund of the tax is to be available. This differs from present law in that it is immaterial whether or not the article was intended to be exported at the time of the sale by the original manufacturer.

(d) A credit or refund is made available where articles have been sold, after payment of manufacturers tax, to certain nonprofit educational organizations, such as schools or colleges.

(e) Credits or refunds are made available for the tax on auto parts for leaf springs, coils, timers, and tire chains where they are used or resold for use as repair or replacement parts or accessories for farm equipment.

(f) Where tires, tubes, auto radios or auto television sets are sold for use on or in connection with, other articles, (such as automobiles) which in turn are sold for an exempt purpose—such as for export, or for sale to State or local governmental units—refunds or credits of the taxes on the tires, etc., are to be allowed in the same manner as in the case of the taxes on the other articles. Also, the special credit under present law applicable in the case of tires, etc., is to be available not only where these articles are sold in connection with automobiles or trucks but also where they are sold with other taxable articles (such as lawn mowers taxed as appliances and trailer dollies taxed as auto parts).

(g) In the case of the return of installment accounts to a manufacturer or retailer after he had previously sold them, a credit or refund generally will be available to the manufacturer or retailer with respect to the tax attributable to the accounts returned.

(h) In determining whether or not a credit is to be available, the bill provides that as a substitute for the specific identification of articles required by present law, taxpayers are to be permitted to identify purchases from various manufacturers by use of the first-in first-out, or last-in first-out inventory method of accounting (or by any other consistent method approved by the Treasury).

(i) Where a radio or a radio or television component has been used as a component in the manufacture of another article (such as a radio transmitter) which in turn was exported or sold to a State or local governmental unit, a refund or credit can be obtained for any manufacturers excise tax paid on the radio or component by the manufacturer of the article in which the radio or component was incorporated. To qualify for this treatment, however, the manufacturer of the other article must show that he bore the burden of the excise tax, that he repaid it to the ultimate purchaser, or that he obtained the consent of the purchaser to the allowance of the credit or refund. It is anticipated that this provision will result in a revenue loss of approximately \$1 million. However, this will not be a recurring loss.

Section 164. Refunds of gasoline tax used for nonhighway purposes or by local transit systems

One cent of the three cents tax presently applicable in the case of gasoline applies only in the case of highway use (and other than by local transit systems). Present law provides for the initial payment of this extra 1 cent tax by the nonhighway users (or by a local transit system) and then makes provision for the filing of claims for refunds on an annual basis. The bill, as amended on the House floor, provides that if a refund of \$1,000 or more is payable with respect to gasoline used in a calendar quarter, a claim may be filed for that quarter instead of waiting until the end of the year.

Section 165. Gasoline lost in a disaster

The bill provides in general that where gasoline is lost, destroyed, or rendered unmarketable by reason of a major disaster, as declared by the President, the gasoline tax is to be refunded to the holder of the gasoline.

Section 166. Extension of limitation for stamp taxes and redemption of stamps

The bill provides that the statute of limitations in the case of documentary stamp taxes is to commence running in the case of assessments from the time any part of the stamp tax is paid rather than from the time the tax became due. Also, it makes conforming changes in the provision relating to the redemption of stamps.

TITLE II, SECTIONS 201-211—ALCOHOL, TOBACCO, AND CERTAIN OTHER
EXCISE TAXES

1. Alcoholic beverage taxes

(a) The bill makes a general technical revision of the distilled spirits provisions which were not ready for consideration in 1954. Only limited changes are made, however, in the taxes on wines and

beer. The changes in the taxes on distilled spirits are designed to modernize these laws and to provide greater uniformity in the provisions relating to production, warehousing, processing, removal and use of all types of distilled spirits. In addition, the modifications are designed to facilitate utilization of plant and equipment for national emergency purposes, to eliminate statutory distinctions between similar operations and to establish a more efficient system of liquor tax administration.

(b) The bill also provides for the extension of the bonding period for distilled spirits from the present 8 years to 20 years and for limited commingling, in an internal revenue bonded warehouse, of distilled spirits of different ages, with the product taking the age of the youngest spirits mingled, in determining the expiration of the bonding period.

One of the technical changes referred to above, namely, making allowance for transit time from warehouse bond to bottling premises, is expected to result in a nonrecurring revenue loss of \$220,000. This provision is not to become effective, however, until the Treasury institutes a return system for distilled spirits products, and thus no loss will occur until that time. A daily system may be instituted soon, however. Another loss, an annual loss of \$3 million to \$5 million, is expected to begin in the fiscal year 1959. This results from the allowance of credits or refunds for processing and bottling losses.

2. Occupational taxes

The bill contains a general revision of the provisions relating to wholesale and retail dealers in liquor to make them conform with the present-day functions performed by persons engaged in these businesses. Slight increases in the rates of these taxes are expected to result in an annual revenue gain of about \$500,000 and an advance in the due dates for these taxes is expected to result in an additional nonrecurring revenue gain of \$10 to \$12 million in the first fiscal year.

3. Tobacco

(a) The bill makes a few relatively minor technical changes in the tobacco tax provisions.

(b) The bill institutes a mandatory return system for tobacco products, in lieu of the use of stamps presently applicable in the case of cigarettes and manufactured tobacco and the daily return system applicable in the case of cigars. The bill requires the adoption of a weekly return system for manufacturers of tobacco products beginning not later than August 4, 1958 (which presumably would, in any case, have to be advanced several months). This is expected to result in a nonrecurring revenue loss of \$57 million in the first fiscal year.

4. Disaster losses

For the future the bill generally provides for refunds or credits for distilled spirits, wine, beer, or tobacco products held by the producer or a dealer which are lost or destroyed by reason of a major disaster. Similar provision is made for these beverages where they are shipped from Puerto Rico. The bill also provides relief with respect to beer lost by reason of the floods of 1951 or hurricanes of 1954; and with respect to distilled spirits, wines, beer, and tobacco products lost by reason of a major disaster declared by the President and occurring after December 31, 1954, and before the enactment of the bill. Similar provisions are made applicable to distilled spirits and wines of Puerto

Rican manufacture lost in the United States in hurricanes of 1954 and in the case of distilled spirits, wines, and beer of such origin, in disasters in the United States after December 31, 1954.

REVENUE EFFECT

It is expected that this bill will result in an annual revenue loss of from \$20 to \$22 million beginning in the fiscal year 1959. The more important of these revenue losses (or gains) are as follows:

| | <i>(In millions)</i> |
|---|----------------------|
| 1. Club dues (primarily removing the tax on assessments for capital improvements) | -\$9 |
| 2. Alcoholic beverage taxes (processing and bottling refunds) | -3 to -5 |
| 3. Exemptions for nonprofit schools and colleges | -3 |
| 4. Constructive price provision | -3 |
| 5. Communication taxes | -2 |
| 6. Air taxi exemption | -2 |
| 7. Radio and television set tax (primarily tape and wire recorders) .. | +5 |

In addition to the annual recurring revenue effect of the bill, it also results in 3 losses which occur only in 1 year and 1 such gain. The most important of these is the \$57 million loss expected in the fiscal year 1959 attributable to shifting tobacco products over from paying taxes on a stamp basis to a weekly return basis. Another amendment relating to refunds or credits for radios and radio components also is expected to result in a loss of \$1 million only in the first year this bill is adopted. The third nonrecurring revenue loss amounts to \$220,000 but will not be effective until the Treasury adopts a return system for distilled spirits. However, there also is a gain of \$10 to \$12 million which is expected to occur only in the first fiscal year. This is attributable to the proposal to advance the due dates for alcohol occupational taxes. Thus, the nonrecurring revenue effect of the bill will be a one time, eventual revenue loss of \$46 to \$48 million.







